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Linda Jacobson
RCRA Project Manager
US EPA Region VIII
8ENF-T
1595 Wynkoop Street
Denver, Colorado 80202-1129

March 8, 2007

SENT BY CERTIFIED MAIL
RETURN RECEIPT REQUESTED

**CONSENT DECREE
CIVIL ACTION NO. CV 98-3-H-CCL
EAST HELENA SITE
WORK PERFORMED IN FEBRUARY 2007
PROGRESS REPORT #107**

Dear Ms. Jacobson:

On May 5, 1998, Asarco and the United States Environmental Protection Agency (EPA) entered into a Consent Decree (Decree) to further the objectives of the Resource Conservation and Recovery Act (RCRA) and the Clean Water Act (CWA). Section XI of the Decree (Reporting: Corrective Action) requires Asarco to submit certified monthly progress reports to EPA which discuss the actions taken by Asarco in achieving compliance with the Decree. The reports are to be submitted to EPA no later than the twentieth (20th) day of the following month. The following describes only those activities that have occurred or are related to projects performed during February 2007. The historical actions taken by Asarco in achieving compliance with the Decree are contained in previous monthly progress reports.

a. Describe the actions, progress, and status of projects which have been undertaken pursuant to Part VII of the Decree;

During February 2007, autonomous data collection from the PRB pilot-scale barrier wall continued on the East Helena site. Technicians from Idaho National Laboratory (INL) visited the site to replace the data acquisition computer and upgrade software. The technicians replaced a faulty power cord that had interrupted data collection in late January 2007. The system has been operating without problems since that time. Work is continuing to analyze the large change in properties between the upper and lower portions of the barrier wall. This work includes column studies to approximate the conditions within the barrier and monitoring of time-variations within the barrier. INL personnel are building an automated data base to store and display the large quantity of the data from the site. The data base should be operation this month allowing in-depth analysis of

report was prepared and submitted to EPA in August 2006 and revised in January 2007 to address EPA's first set of comments. EPA's new comments included a review of the hydrogeological evaluation and groundwater monitoring system sufficiency. Asarco has clarified the location of the cross-section C-C' and MW-9 and has agreed to install an additional well for the CAMU Phase 2 cell monitoring. Asarco's responses to EPA's February 21, 2007 comments are attached to this monthly progress report.

ASARCO LLC is collaborating with Willis Arizona, its Insurance Broker with respect to securing a Surety Bond in order to meet the financial assurance requirements of the EPA with regard to the CAMU Phase 2 Cell. We have identified a Surety Company interested in underwriting this risk. On March 5, 2007, Baker Botts disseminated a draft motion seeking Court approval to secure a Surety Bond and enter into an Indemnity Agreement. A Surety Bond is the least costly alternative of the collateral options. The estimated cost of the Surety Bond (year 1) is between \$54,600.00 - \$61,425.00.

RI/FS Long-Term Monitoring Program

During February 2006, Asarco continued the sampling program set forth in the Updated Monitoring Program - January 2007. Under this program, the Nordstrom and Jones' irrigation groundwater wells and the former Corbett and Jensen residential groundwater drinking water wells were scheduled to be sampled. Pat Foley is the new owner of the 203 Gail Street residence. The two irrigation wells located at the Nordstrom and Jones' homes were winterized and could not be sampled during February 2006. On February 5, 2007, groundwater well samples were obtained from the Jensen and Foley drinking groundwater wells, respectively. The sampling results are contained in the attached data validation report.

A summary of the correspondence transmitted as part of the East Helena Consent Decree in February 2007 is included in Attachment 1.

- b. Identify any requirements under the Part VII of the Decree that were not completed in a timely manner, and problems or anticipated problem areas affecting compliance with the Decree;**

There were no requirements that were not completed in a timely manner nor were there problems or anticipated problem areas that affect compliance with the Decree.

- c. Describe projects completed during the prior month, as well as activities scheduled for the next month;**

In accordance with the 1) 2006 Interim Measures Work Plan Addendum, Final Cleaning, Soil Sampling, Backfilling, and Interim Cap Work Plan and 2) 2006 Interim Measures Work Plan Addendum, Former Acid Plant Sediment Drying Area Slurry Wall, Monitoring, Operation, and Maintenance Work Plan, four areas

the temporal variations within the barrier. A number of additional three-dimensional data sets have been collected and are being analyzed.

2006 Interim Measures Work Plan Addendum

In January 2007, Asarco provided EPA with an addendum to the December 2006 slurry wall construction completion report for the former acid plant sediment drying area. This addendum, entitled, *Report, Soil-Bentonite Permeability and Compatibility Testing, Slurry Wall Construction, Former Acid Plant Sediment Drying Area*, discussed the final permeability results derived from the long-term permeability test. In a February 13, 2007 letter, EPA approved the Construction Completion Report.

During January 2007 and February 2007, Asarco continued with the design preparation for the slurry wall in the former dross plant area. As part of the February 2007 slurry wall design, Shaw Environmental, Inc. was provided 1) groundwater obtained from the former dross plant area, 2) soil boring soils from the former dross plant area, 3) City of East Helena water, and 4) on-site borrow material.

On February 9, 2007, Asarco received EPA's February 7, 2007 letter, which requested Asarco's preparation of a petition to establish a temporary controlled groundwater area for the Asarco-owned property northwest of the City of East Helena. On February 28, 2007, Asarco, EPA, and Montana Department of Environmental Quality representatives discussed the petition with Asarco proposing establishment of a deed restriction on the subject property. The deed restriction will accomplish the same goals of a controlled groundwater area and can be effected in an expedited fashion with far less complication when compared to the temporary controlled groundwater area approach. Asarco is preparing the deed restriction with the assistance of legal counsel from within the State of Montana. Although we have initiated the process, it cannot be completed within 30 days from our February 9, 2007 receipt of EPA's February 7, 2007 letter.

Corrective Action Management Unit (CAMU)

During January 2007, Asarco provided EPA with the sampling and monitoring plan (Appendix D) and the operation and maintenance plan (Appendix E) that had not been previously been included with the CAMU Phase 2 Design Analysis Report. In a February 16, 2007 communication, EPA requested additional information concerning 1) material transfer and waste placement, 2) construction quality assurance, 3) chemical compatibility and gas generation, and 4) material neutralization procedures. On February 27, 2007, Asarco responded to the February 16, 2007 EPA's comments. A copy of these responses is attached to this monthly progress report. The CAMU Phase 2 construction quality assurance plan (Appendix G) has been attached to this monthly progress report.

On February 21, 2007, EPA submitted a second set of comments to the Corrective Action Management Unit, Phase 1 Technical Inspection Report. The original

in which interim caps have been installed are being inspected on a monthly basis with the most recent inspections occurring on February 6, 2007. These monthly inspections documented the condition of the interim caps. Some minor drainage control, liner-well sealing, and sand bag placement issues are being addressed.

CAMU Landfill - The construction of the CAMU Phase 1 Cell landfill is complete. The Final Construction Report for the CAMU Phase 1 Cell was hand-delivered to EPA on January 23, 2002. In accordance with the July 2000 CAMU Design Analysis Report (Operation and Maintenance Plan), the CAMU is being inspected monthly with the last inspection occurring on February 7, 2007. This monthly inspection documented the condition of the CAMU.

During March 2007, Asarco is scheduled to conduct the monthly sampling of the four designated residential groundwater wells and select EH-100 series groundwater monitoring wells as prescribed in Asarco's revised on-going Post Remedial Investigation (RI)/Feasibility Study (FS), Long Term Monitoring Program. Asarco will continue to work with Shaw Environmental, Inc. to refine the design of the slurry wall in the former dross plant area. A March 6, 2007 meeting is scheduled between Asarco, EPA, and the Montana Department of Environmental Quality to review CAMU Phase 2 cell design development and groundwater monitoring.

d. Describe and estimate the percentage of studies completed;

The Pump and Treat Pilot Scale Testing for Source Area Reduction of Groundwater Contamination is approximately 100% complete.

The slurry wall construction in the former acid plant sediment drying area is 100% complete.

The interim capping project for the former acid plant sediment drying area, dross area, sinter plant area, and gas cleaning section of the acid plant is 100% complete

The slurry wall design in the former dross plant area is 25% complete.

e. Describe and summarize all findings to date;

The details of past findings through January 2007 are described and summarized in previous monthly progress reports.

f. Describe actions being taken to address problems;

There were no actions required to address problems associated with the Decree.

g. Identify changes in key personnel during the period;

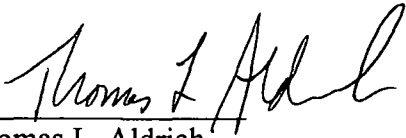
CONSENT DECREE
EAST HELENA SITE
FEBRUARY 2007 PROGRESS REPORT

SUMMARY OF CORRESPONDENCE
ATTACHMENT 1

DATE OF TRANSMITTAL	CORRESPONDENCE SENT FROM	CORRESPONDENCE SENT TO	SUBJECT	RESPONSE
February 27, 2007 and Attached to This Monthly Progress Report	Jon Nickel	Linda Jacobson	Response to EPA's February 16, 2007 Comments, CAMU Phase 2 Design Analysis Report and Construction Quality Assurance Plan (Appendix G)	Awaiting Approval
Attached to This Monthly Progress Report	Jon Nickel	Linda Jacobson	Responses to February 21, 2007 EPA Comments, CAMU Phase 1 Technical Inspection Report	Awaiting Approval
Attached to This Monthly Progress Report	Jon Nickel	Linda Jacobson	Validation Summary, Asarco East Helena Interim Measures, East Helena Residential Groundwater, Inorganic Analyses, February 2007	No Formal Response Required

CERTIFICATION
PURSUANT TO U.S. v ASARCO INCORPORATED
(CV-98-3-H-CCL, USDC, D. Montana)

I certify under penalty of law that this document, February 2007 Progress Report and all attachments, were prepared under my direct supervision in accordance with a system designed to assure that qualified personnel gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine or imprisonment for knowing violations.

Signature 
Name: Thomas L. Aldrich
Title: Vice President Environmental Affairs
Date: March 6, 2007

Asarco continues to use the services of Asarco technical personnel and Hydrometrics Incorporated to perform the various activities required under the Consent Decree.

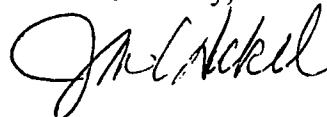
- h. Include copies of the results of sampling and tests conducted and other data generated pursuant to work performed under Part VII of the Decree since the last Progress Report. Asarco may submit data that has been validated and confirmed by Asarco to supplement any prior submitted data. Updated validated and confirmed data shall be included with the RFI Report, if not delivered before;**

One validation package, entitled "*Validation Summary, Asarco East Helena Interim Measures, East Helena Residential Groundwater, Inorganic Analyses, February 2007*" is attached to this monthly progress report.

- i. Describe the status of financial assurance mechanisms, including whether any changes have occurred, or are expected to occur which might affect them, and the status of efforts to bring such mechanisms back into compliance with the requirements of this Decree.**

ASARCO filed a voluntary petition for relief under chapter 11 of Title 11 of the United States Bankruptcy Code in the Southern District of Texas on August 9, 2005. ASARCO hopes to use its chapter 11 bankruptcy proceeding to improve its financial position to the point where it can successfully reorganize and immerge from bankruptcy. ASARCO further hopes that at that time it will be in a position to make the required financial assurance demonstration.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Nickel", written in a cursive style.

Jon Nickel

Cc: Denise A. Kirkpatrick, MDEQ

February 2007 RCRA Consent Decree Progress Report

**Asarco's Responses to EPA's February 21, 2007 Comments, Technical
Inspection Report, Corrective Action Management Unit Phase 1 Cell,
Asarco East Helena Site**

Asarco's Responses to EPA's February 16, 2007 Comments, Corrective Action
Management Unit Phase 2 Cell, Asarco East Helena Site

1. Comment: EPA has requested SOP's regarding material transfer and waste placement in the CAMU Phase 2 Cell.

Response: In the CAMU Phase 2 Cell bid documents, a submittal is required from all bidders that includes a discussion of the contractors proposed methods for transporting waste and debris to the CAMU Phase 2 Cell. This submittal must contain an explanation and methods employed by the contractor that will prevent the spread of waste materials and protect the environment and human health. The information contained within the submittal will be considered in the award of a contract. The construction contractor's scope of work states that a dust control program will be implemented to minimize the creation and spread of dust during 1) excavating, crushing, loading, hauling, placing, and compacting activities, 2) that haul trucks used will be covered, have gate seals, and have solid bottoms to minimize leakage potential, and 3) that haul routes will be swept continuously during hauling activities. The construction contract requires submittal of a Project Specific Work Plan that requires the contractor to describe both a Fugitive Dust Minimization Plan and a Haul Road Maintenance Plan. The Access Road Improvements included within the plans include paved haul roads to be maintained by the contractor throughout the project. Once these plans are prepared and submitted by the contractor, Asarco will review the submittals and consider preparing a SOP. Asarco will consult with the EPA to determine whether a SOP is necessary.

2. Comment: EPA has requested that Asarco prepare a field Construction Quality Assurance Plan similar to Appendix J to the July 2000 CAMU Cell Design Analysis Report.

Response: The Construction Quality Assurance Plan for the CAMU Phase 2 cell construction will be submitted separate from this response.

3. Comment: The CAMU Phase 2 Cell Design Analysis Report indicates that Asarco evaluated and investigated the chemical compatibility and gas generating potential of the demolition debris. EPA has requested that Asarco provide this evaluation?

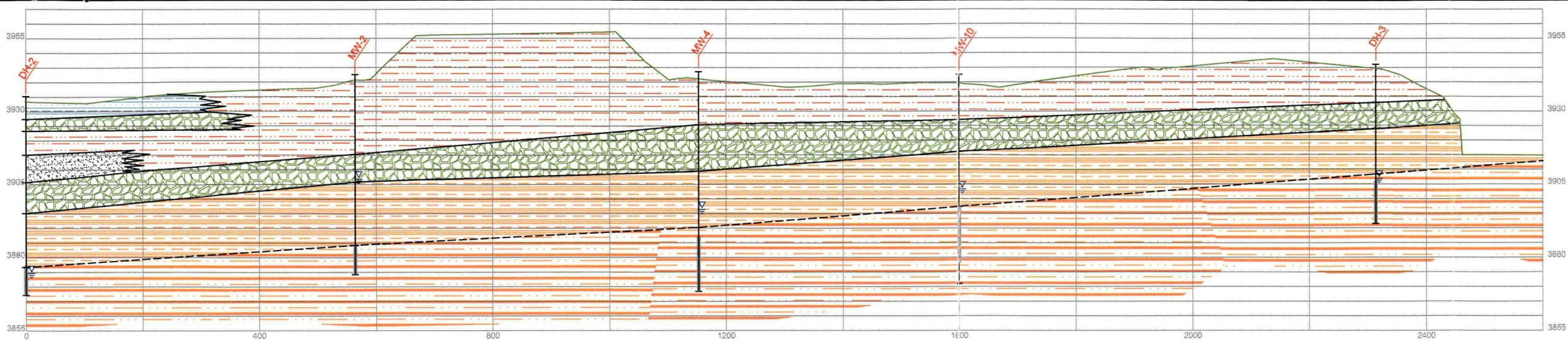
Response: The wastes eligible for placement in the CAMU Phase 2 Cell include Montana Consent Decree waste resulting from cleaning and demolition activities, contaminated debris located throughout the East Helena site and subject to future Montana Decree actions, Montana Decree 2005 Work Plan acid plant limerock (the zinc plant copper removed as part of the Montana Decree 2005 Work Plan was shipped off-site for metal recovery), and excess contaminated soils that have been or may be generated under RCRA Consent Decree actions. Asarco has previously provided EPA and the Montana Department of Environmental Quality with a table of

the Waste Categories for Placement in the Asarco East Helena CAMU Phase 2 Cell, August 2006.

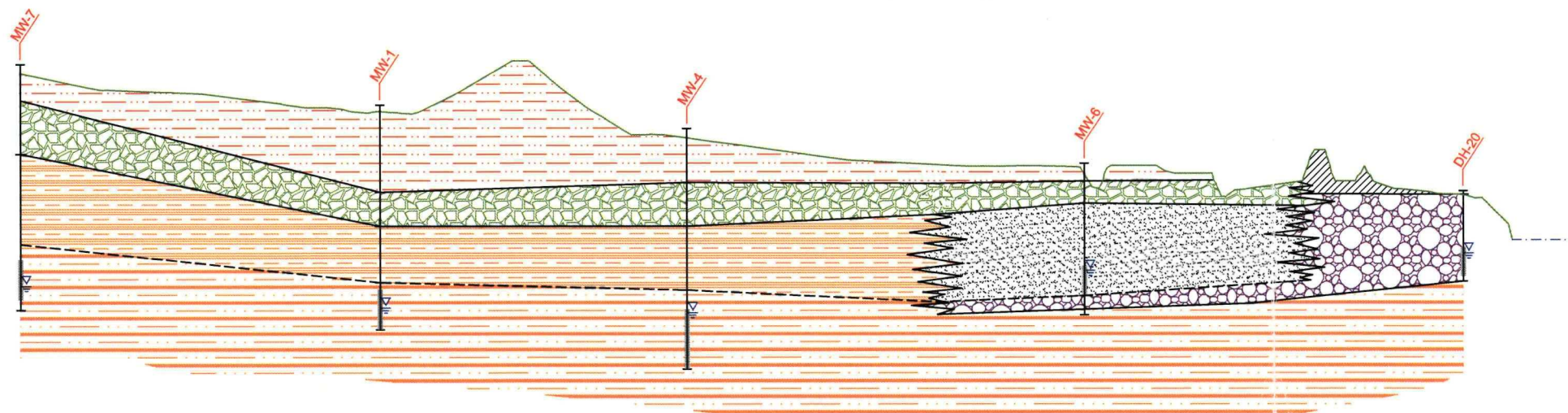
With respect to chemical compatibility of waste scheduled to placement in the CAMU Phase 2 cell, Asarco does not anticipate encountering appreciable amounts of extreme pH materials. The liquid sulfuric acid within the East Helena acid plant complex was previously removed from process vessels under the Montana Decree actions. The small amount of solid sulfates and sulfuric acid (possibly contained in transfer lines) that may be encountered during the cleaning and demolition of the acid plant contact section will be neutralized before being placed in the CAMU. The Construction Contractor has been tasked with preparing a plan that addresses this procedure for EPA review. Based upon the discussion in the Design Analysis Report, the remaining wastes have been evaluated by Asarco and deemed to be acceptable for placement in the CAMU. The gas generating potential of waste material was not tested because there is an obvious potential for some wood debris to be placed in the cell. Therefore, a gas extraction system was included in the CAMU design.

4. Comment: EPA has requested, if neutralization or blending of waste materials with an extreme pH is being planned, the specifics as to quantities, type of neutralization, location, etc. need to be provided.

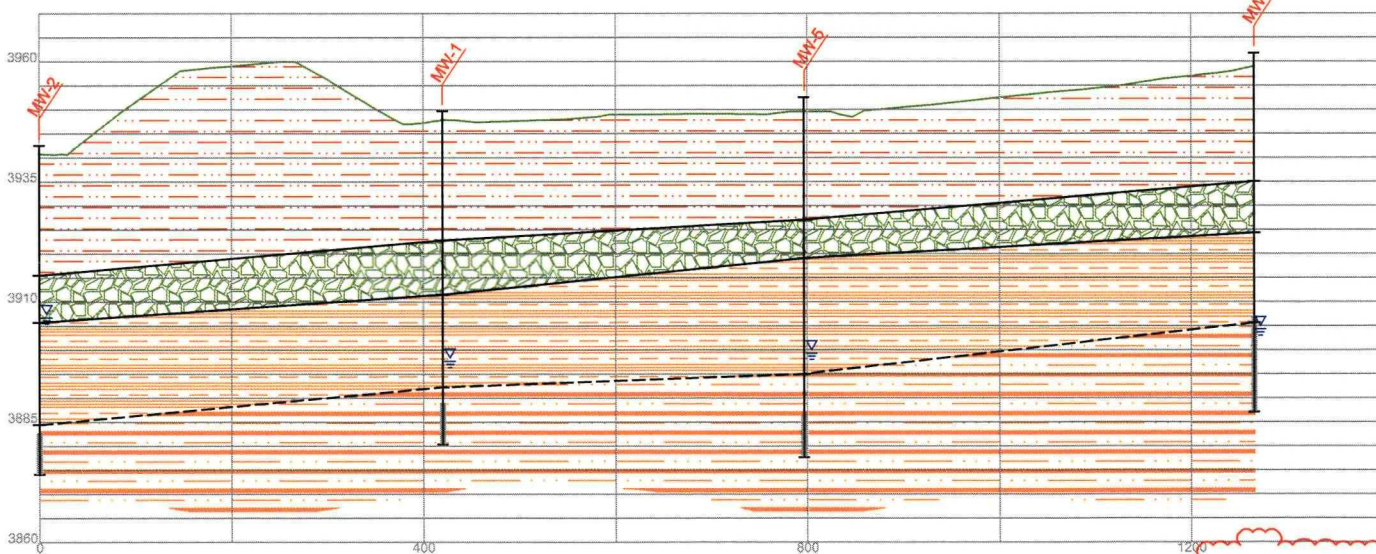
Response: It is not anticipated that any significant quantities of waste materials encountered during construction will need to be neutralized. However, because Asarco cannot completely rule out that very small quantities of material with varying pH may be encountered during cleaning and demolition of the acid plant contact section, the bid documents require the contractor to submit a work plan identifying how they plan to neutralize these materials, if encountered. This work plan will be submitted to EPA for approval prior to start of construction.



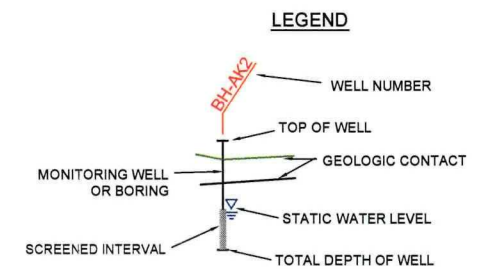
SECTION A-A'
SCALE: (H) 1"=100' (V) 1"=20'



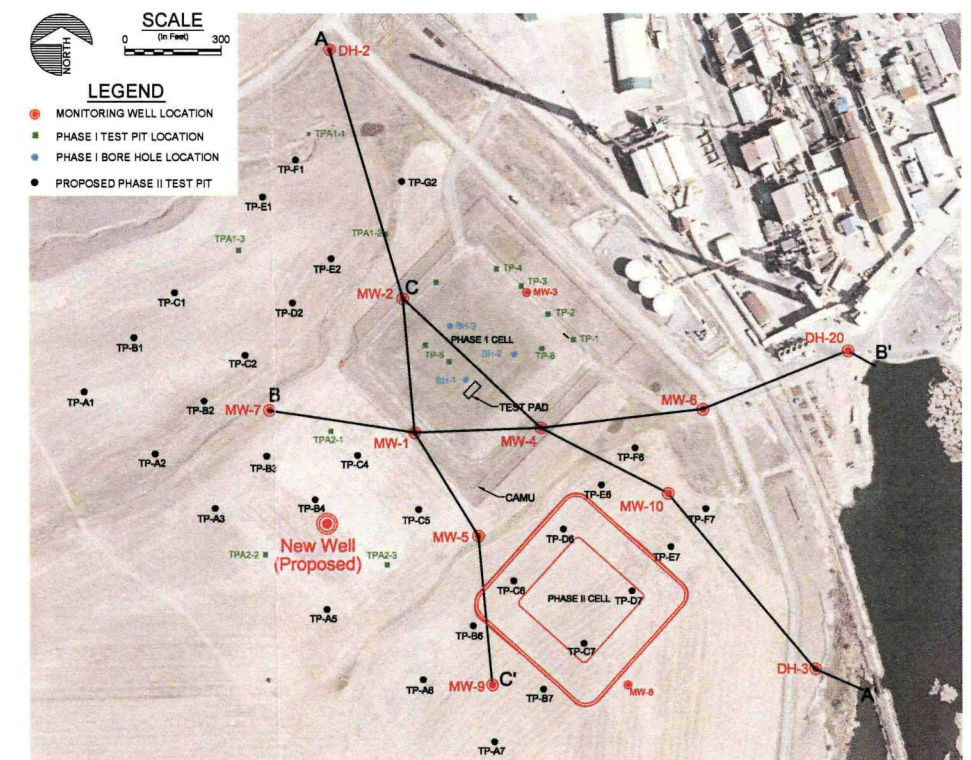
SECTION B-B'
SCALE: (H) 1"=100' (V) 1"=20'



SECTION C-C'
SCALE: (H) 1"=100' (V) 1"=20'



- EXPLANATION**
- FILL COMMONLY CONSISTS OF INTERMIXED SAND, SILT, CLAY AND GRAVEL. OFTEN INCLUDES WASTE CONSTITUENTS INCLUDING BRICKS, WOOD, COBBLES, SLAG, OTHER DEBRIS AND CONCRETE.
 - FINE-GRAINED DEPOSITS CONSISTING OF INORGANIC SILTS
 - ALLUVIAL GRAVEL AND COBBLES; HETEROGENEOUS, SAND, SILT OR CLAY MATRIX, VARIABLE WITH DEPTH AND LOCATION.
 - FINE-GRAINED DEPOSITS CONSISTING OF INORGANIC SILTS AND CLAYS
 - FINE-GRAINED DEPOSITS CONSISTING OF INORGANIC SILTS AND SAND
 - ALLUVIAL SAND AND GRAVEL; HETEROGENEOUS, SAND, AND SILT MATRIX, VARIABLE WITH DEPTH AND LOCATION.
 - FINE GRAINED SEDIMENTS CONSISTING OF VOLCANIC ASH-TUFF AS WELL AS CLAYS DERIVED FROM THESE VOLCANIC DEPOSITS. UNALTERED VOLCANIC ASH-TUFF DEPOSITS ARE GENERALLY GREENISH-YELLOW-WHITE IN COLOR. ASH DEPOSITS ARE GENERALLY AT LEAST PARTIALLY DECOMPOSED TO SMECTITE OR BENTONITE CLAY 2-5 FEET FROM TOP BECOMING LESS CLAYEY AND MORE INDURATED WITH DEPTH.
 - VOLCANIC ASH-TUFF AS DESCRIBED ABOVE, SANDIER WITH DEPTH.



PLEASE NOTE
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SCALE VERIFICATION
BAR IS ONE INCH ON
ORIGINAL DRAWING
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IF NOT ONE INCH ON
THIS SHEET, ADJUST
SCALES ACCORDINGLY

Hydrometrics, Inc.
Consulting Scientists and Engineers
Helena, Montana 59601
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**GEOLOGIC
CROSS SECTIONS**

DRAWING FILE NUMBER
604301H028.dwg
AUTOCAD 2000 DRAWING (DWG)
EXHIBIT
1